GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1750
ANSWERED ON:10.12.2004
WITHDRAWAL OF DUTY CUTS
Singh Shri Kirti Vardhan;Vijay Krishna Shri

Will the Minister of FINANCE be pleased to state:

(a) Whether the Government has withgrawn customs and excise duty cuts on various products since the middle of August 2004;

(b) if so, the details in thi regard;

(c) the revenue lost by the Government thereby; and

(d) the other steps taken by the Government to check rising inflation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

a) Since the middle of August 2004, Government had reduced the customs duties and excise duties on various petroleum products, plastic raw materials and steel. However, Government has not withdrawn any customs or excise duty cuts on these products since the middle of August 2004.

(b) Does not arise in view of (a) above.

(c) Since the duty cut has not been withdrawn, there is no fresh revenue effect.

(d) To check rising inflation, Government had reduced the customs duties and excise duties on various petroleum products, plastic raw materials and steel. In addition, certain other measures were also taken. These include,

(1) To check the liquidity overhang in the system, the Reserve Bank of India (RBI), hiked the cash reserve ratio (CRR), to be maintained by banks, by 50 basis points to 5% of their demand and time liabilities.

(2) The Government cut tariff values on many vegetable oils by around $50 a metric ton.

(3) The RBI hiked the reverse repo rate (that is, the interest rate paid on bank funds placed with the RBI against government paper) by 25 basis points to 4.75%